



LEGISLATIVE FISCAL OFFICE
Streamlining Commission Analysis

Recommendation No. **RECOMMENDATION 198**
Streamlining Draft **AGDONAHUE 7**

Date: February 22, 2010 10:39 AM	Author:
Dept./Agy.: Statewide	Analyst: Evelyn McWilliams
Subject: Furloughs	

Each state agency should consider using furloughs to keep costs down. The commission recommends that each agency furlough every employee one day each quarter of the 2010-2011 fiscal year. Determination of timing of furloughs is left to the agency; however, where possible the agency should consider furloughing all employees in a particular location on the same day to capture additional savings from such things as nonuse of utilities.

EXPENDITURES	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Ded./Other	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Federal Funds	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The annual savings resulting from a 4 day furlough (every nonexempt employee one day each quarter) is estimated to be at least \$28 million. The estimated savings does not include estimated savings from the Department of Health and Hospitals (DHH). Certain personnel in agencies that are required to operate 24-hours a day (i.e. hospitals, prisons, state police) would be exempt from any furloughs or reduction in work hours. Since the Department of Health and Hospital did not provide salary information regarding its exempt employees, salary data regarding DHH was not included in the analysis to arrive at the savings reflected above. Assuming not all DHH 's employees would be exempt from a furlough, the savings would exceed the \$28 million estimate.


Civil Service has two specific rules which provide for reducing employees’ work hours in order to avoid or reduce layoffs: Rule 17.7 entitled Reduction in Work Hours; and Rule 17.8 entitled Furlough Without Pay. Agencies usually utilize the reduction in work hours rule when the reduction in employees’ work hours is temporary or short term in nature. The savings from this rule typically includes only salaries and related benefits. Agencies usually utilize the furlough without pay rule when the reduction in employees work hours is for an extended period of time. The savings resulting from a furlough tend to be greater than the savings realized from a temporary reduction in work hours. In addition to savings from reduced salaries and related benefits, the savings resulting from a furlough also include reductions in operating expenses (i.e. utilities, telephone services, etc.).

The FY10 general and ancillary appropriation bills include approximately \$4.2 billion for salaries. Retirement payments are estimated to be another \$740 million.

CONTINUED ON PAGE TWO

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	
<input type="checkbox"/> 13.5.1 >= \$500,000 Annual Fiscal Cost		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost	H. Gordon Monk
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease	Legislative Fiscal Officer



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CONTINUED EXPLANATION from page one: Page 2 of 2
Calculation:

\$4,000,000,000	Budgeted Statewide Salaries
<u>\$(544,420,318)</u>	DHH Salaries
\$3,455,579,682	
\$(62,712,889)	Public Safety Essential Personnel
\$(266,338,599)	Corrections Essential Personnel
<u>\$(588,221,187)</u>	Health Care Services Essential Personnel
\$2,538,307,007	
<u>X 1.1%</u>	Percentage of year furloughed (4/365)
\$27,817,063	Annual Savings for a 4 day Furlough

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	<u>H. Gordon Monk</u>
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